



Iowa Department of Human Services

Terry E. Branstad
Governor

Kim Reynolds
Lt. Governor

Charles M. Palmer
Director

INFORMATIONAL LETTER NO.1276

DATE: August 12, 2013

TO: Iowa Medicaid Nursing Facilities

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise (IME)

RE: Nursing Facility Rates

EFFECTIVE: July 1, 2013

Current regulations require the IME to rebase nursing facilities every two years. Effective July 1, 2013, nursing facility rates will be based on Financial and Statistical Reports for the fiscal year ended during calendar year 2012. Base year costs will be inflated based on the Total Skilled Nursing Facility Market Basket. The inflation factor shall be adjusted to ensure estimated expenditures do not exceed amounts appropriated by the legislature.

In order to apply the changes in the inflation factor a State Plan Amendment (SPA) must be filed with the Centers for Medicare and Medicaid Services (CMS). Therefore, the nursing facility rates effective July 1, 2013, will not be implemented until the Department of Human Services (DHS) has received approval of the SPA from CMS. Therefore you will continue to be paid at your April 1, 2013, rate until the SPA to implement the July 1, 2013, rate changes has been approved by CMS.

Upon notification from CMS that the SPA has been approved, your July 1, 2013, rate will be entered into the MMIS Claims Processing System and a mass adjustment will be completed to re-price claims already submitted with dates of service on or after July 1, 2013. At that time, your remittance will include an adjustment to make your rate change retroactive to July 1, 2013.

At this time, there are still Financial and Statistical Reports under review that will be used in the rebase and for determining the median limits. When these cost reports have been reviewed an inflation factor will be determined and submitted to CMS.

As of June 30, 2013, all exceptions to policies for geographic wage index expired. As such, facilities located in rural counties being treated as an urban facility had their rates recalculated using the April 1, 2013, rates.

The terms of receiving either the capital cost per diem instant relief add-on or the enhanced non-direct care component indicate that the payments terminate when a revised non-direct care component limit is effective (Iowa Administrative Code 441 chapter 81.6(16) h. (11) and (14)). This is set to occur with the biennial rebasing effective July 1, 2013. The capital cost per diem instant relief add-on or the enhanced non-direct care component have been removed from the payment rate calculations effective June 30, 2013. Facilities may reapply after the amounts of the biennial rebasing have occurred and been communicated.

Should you have any questions, please contact the IME Provider Cost Audit and Rate Setting Unit at (515) 256-4610 or (866) 863-8610, or via email at costaudit@dhs.state.ia.us.